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## *GAO Audits*

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### **1. VA LONG-TERM CARE: Oversight of Nursing Home Program Impeded by Data Gaps (GA)-05-65) November 2004**

**RESPONSIBLE ORGANIZATION:** Veterans Health Administration,  
Office of Geriatrics and Extended Care

#### **RECOMMENDATIONS:**

To help ensure that Department of Veterans Affairs (VA) can provide adequate program monitoring and planning for nursing home care and to improve the completeness of data needed for congressional oversight, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to take two actions:

- For community nursing homes and state veterans' nursing homes, collect and report data on the number of veterans that have long and short stays, comparable to data the Department currently collects on VA nursing homes;
- For community nursing homes and state veterans' nursing homes, collect and report data on the number of veterans in these homes that VA is required to serve based on the requirements of the Millennium Act and VA's policy on nursing home eligibility, comparable to data the Department currently collects on VA nursing homes.

#### **ACTIONS TAKEN:**

VHA has provided GAO with FY 2004 data on Eligibility Priority Groups (PGs) in the Community Nursing Home Program. Data on CNH Eligibility PGs and length of stay (LOS) in FY 2005 will be provided in January 2006.

In the State Veterans Home Program, new software development is required for collecting PG and LOS information and the initiative is competing with higher priority Information Technology projects. VHA currently anticipates establishing the direction of this project and arranging for the development of the variables by the end of FY 2007. A timeline for software development cannot be determined until an actual budget is approved.

**BUDGET IMPLICATIONS:**

The State Veterans Home PG and LOS project will require software development. The amount of resources needed for this project will be determined during the review of data source options. Software development is contingent upon availability of funding.

Minimal Geriatrics and Extended Care staff work will be required for report production and analysis for the CNH and State Veterans Home Programs.

**2. CAPITAL FINANCING: Partnerships and Energy Savings Performance Contracts Raise Budgeting and Monitoring Concerns (GAO-05-55) December 2004**

**RESPONSIBLE ORGANIZATION:** Office of Management  
Office of Asset Enterprise Management

**RECOMMENDATIONS:**

GAO recommends that OMB require agencies that use energy savings performance contracts (ESPC) to present an annual analysis comparing the total contract cycle costs of ESPCs entered into during the fiscal year with estimated up-front funding costs for the same energy conservation measures.

GAO recommends that the Director of OMB work with the scorekeepers to develop a scorekeeping rule for the acquisition of capital assets to ensure that the budget reflects the full commitment of the government, considering the substance of all underlying agreements, when third-party financing is employed.

GAO recommends the Secretaries of Energy, Veterans Affairs, and the Navy as well as the Administrator of the General Services Administration perform business case analyses and ensure that the full range of funding alternatives, including the technical feasibility of useful segments, are analyzed when making capital financing decisions.

**ACTIONS TAKEN:**

- 1) No actions taken – OMB has not yet promulgated such a requirement. Proposed VA energy projects must meet the requirements of VA's Energy Conservation Program and the data requirements of VA's Capital Asset Management System (CAMS). The requirements specify that energy project funding and procurement vehicles be evaluated and selected in priority order, with appropriated dollars carrying top priority, followed by third-party financing vehicle alternatives. Business case analyses, performed by Office of Management, accompany project proposals that exceed threshold dollar amounts, and are reviewed by VA's Strategic Management Council. Should OMB enact the recommended requirement, the necessary data and analyses are already part of VA's internal process.
- 2) No actions taken – OMB has not yet developed such a scorekeeping rule. VA disagreed with this report recommendation in its letter of October 25, 2004 to GAO that was included in the GAO report along with other federal agency responses. Implementation of the report's scoring recommendation to OMB would limit, discourage, and possibly eliminate the enhanced-use (EU) lease and energy

savings performance programs. The demonstrated benefit of these programs and resulting services for veterans would be lost. VA's state-of-the-art alternative financing programs and structures minimize the impact on the Department's budget while achieving the infrastructure and programs that enhance VA's mission and maximize health care and benefits to veterans. Implementing this recommendation threatens to eliminate this enhancement to veterans' programs.

- 3) VA placed a moratorium on new ESPC activity in June of 2002. No new ESPC activity that had not already progressed to the "Notice of Intent to Award" stage as of June 2002 has occurred since then. In January 2005, VA reactivated the potential to use the ESPC vehicle while notifying all Under Secretaries, Assistant Secretaries and other key officials that all proposals for energy savings projects, regardless of funding/procurement vehicle, must be approved by VA's Office of Management. Proposed projects must meet the requirements of VA's Energy Conservation Program and the data requirements of VA's Capital Asset Management System (CAMS). The requirements specify that energy project funding and procurement vehicles be evaluated and selected in priority order, with appropriated dollars carrying top priority, followed by third-party financing vehicle alternatives. Business case analyses, performed by Office of Management, accompany project proposals that exceed threshold dollar amounts, and are reviewed by VA's Strategic Management Council. VA created an Energy task force in 2005, which is responsible for providing the processes and procedures for implementing ESPC procurements.

#### **BUDGET IMPLICATIONS:**

There are no budget implications foreseen.

**3. VA AND DoD HEALTH CARE: Efforts to Coordinate a Single Physical Exam Process for Servicemembers Leaving the Military (GAO-05-64) November 2004**

**RESPONSIBLE ORGANIZATION:** Veterans Benefits Administration

**RECOMMENDATIONS:**

To determine where single separation exam programs are established and operating, GAO recommended that the Secretary of Veterans Affairs and the Secretary of Defense develop systems to monitor and track the progress of VA regional offices and military installations in implementing these programs at Benefits Delivery at Discharge (BDD) sites.

**ACTIONS TAKEN:**

Since VA and DoD signed the Memorandum of Agreement (MOA) to create a Cooperative Separation Process/Examination on November 17, 2004, VA and DoD have signed 101 local Memoranda of Understanding (MOUs) to implement this initiative. There are 32 additional MOUs that are undergoing review or pending signatures. The signing of the 133 MOUs will satisfy the Benefits Executive Council (BEC) Initiative 3.2 to implement this agreement at the DoD Benefits Delivery at Discharge (BDD) sites. There are a total of 140 BDD sites (7 are Department of Homeland Security under the Coast Guard and are not covered by the VA/DoD MOA)

This initiative is monitored very closely by the VA/DoD BEC, and the status of each MOU is maintained by the Compensation and Pension Service.

**BUDGET IMPLICATIONS:**

None.

**4. VETERANS' BENEFITS: More Transparency Needed to Improve Oversight of VBA's Compensation and Pension Staffing Levels (GAO-05-47) November 2004**

**RESPONSIBLE ORGANIZATION:** Veterans' Benefits Administration

**RECOMMENDATIONS:**

To assist the Congress in its oversight of VBA's compensation and pension claims processing operations, GAO recommended that the Secretary of Veteran's Affairs direct the Under Secretary for Benefits to prepare the following information and work with the Committees on Veterans' Affairs and the Appropriations Subcommittees (Military Construction and Veterans Affairs, and Military Quality of Life and Veterans Affairs) on how best to make it available for their use:

- explanation of the expected impact of specific initiatives and changes in incoming claims workload on requested staffing levels;
- information on claims processing productivity, including how VBA plans to improve productivity; and
- explanation of how claims complexity is expected to change and the impact of these changes on productivity and requested staffing levels.

**ACTIONS TAKEN:**

In response to this recommendation, VBA changed the format of its 2007 budget submission. The new format provides an extensive explanation of C&P's workload and staffing needs and includes:

- detailed explanations of the various C&P workload activities and the staffing levels needed to meet performance goals for these activities.
- Detailed explanations of the evolving nature of claims activity with respect to complexity; sources of increased claims; nature of disabilities claimed; and potential impact on current and future workloads, entitlement expenditures, and staffing requirements

**BUDGET IMPLICATIONS:**

The changes to the budget will be in format only. This should assist Congress in the oversight of VBA's compensation and pension claims processing operations.



## **5. VA PATIENT SAFETY INITIATIVE: A Cultural Perspective at Four VA Medical Facilities (GAO-05-83) December 2004**

**RESPONSIBLE ORGANIZATION:** Veterans Health Administration

### **RECOMMENDATIONS:**

To better assess the adequacy of clinicians' familiarity with, participation in, and cultural support for the initiative, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following three actions:

1. Set goals for increasing staff
  - Familiarity with the initiative's major concepts (close call reporting, confidential reporting program with the National Aeronautic and Space Administration, root cause analysis);
  - Participation in root cause analysis teams;
  - Cultural support for the initiative by measuring the extent to which each facility has mutual trust and comfort in reporting close calls and incidents;
2. Develop tools for measuring goals by facility;
3. Develop interventions when goals have not been met.

### **ACTIONS TAKEN:**

1. VHA staff have participated in a VHA patient safety culture survey that assessed the familiarity with the programs and acceptance of the concepts associated with improving patient safety in VHA facilities, for example, reporting and acting on close calls in addition to adverse events, and the confidentiality and other aspects of root cause analyses (RCAs).

The level of participation in the patient safety culture survey has been assessed, with over six times as many VA employees participating in the 2005 survey than in the previous survey performed in 2000. A detailed report on each VAMC's inputs has been developed and has recently been distributed to each VAMC by CD-ROM. The report provides local and national measurements on patient safety objectives, including the extent to which each facility has mutual trust and comfort in reporting close calls and incidents. It is designed to enable VAMCs to take action to increase participation in RCA teams and to reaffirm and augment efforts to improve participation in local efforts to address patient safety problems through nationally-standardized methods such as RCA.

2. We have developed tools for measuring performance in patient safety improvement in several ways. Formal VHA performance measures of patient safety presently include the rapid reading and verification of diagnostic images such as X-rays and CAT scans, the on-time administration of pre-operative

antibiotics for selected surgical operations, and the on-time installation of software patches necessary to maintain or improve the safety of VA's software for our electronic patient record and bar code medication software. Other VISN-level data that we have measured and delivered to VHA key personnel including VISN Directors includes the number of RCAs performed annually, the number of safety reports submitted to the VHA National Center for Patient Safety (NCPS) annually, and the tracking of VAMCs' completion of the action plans required by their RCAs.

3. Information on achieving goals related formal patient safety performance measures are included in VHA's assessment of each VISN Director's performance and subsequent retention and compensation decisions. Other information, such as that from the recent patient safety culture survey and that based on the RCAs and safety reports submitted to NCPS has been shared with VISNs and VAMCs in the last year. Performance will continue to be assessed and reported back to VISNs and VAMCs. Specific interventions primarily take place at the network or local level, but may also facilitated by specific direction from VHA Central Office.

**BUDGET IMPLICATIONS:**

None.

**6. VETERANS BENEFITS: VA Needs Plan for Assessing Consistency of Decisions (GAO-05-99) November 2004**

**RESPONSIBLE ORGANIZATION: Veterans Benefits Administration**

**RECOMMENDATIONS:**

GAO recommended that the Secretary of Veterans Affairs develop a plan, and include it in VA's annual performance plan, that contains a detailed description of how VA will:

- use data collected through Rating Board Automation (RBA) 2000 to identify indications of possible inconsistencies among regional offices in the award and denial of benefits for specific impairments;
- conduct systematic studies of consistency for specific impairments for which RBA 2000 data reveal indications of inconsistencies among decisions made by the regional offices.

**ACTIONS TAKEN:**

- VBA has established a working group to analyze data collected from RBA2000 to identify indications of possible inconsistencies among regional offices in the award and denial of benefits for specific impairments. The group is in the process of reviewing data to determine prioritization of body systems and/or diagnostic codes to be reviewed.
- Data from the corporate database (input through RBA2000) will be extracted and analyzed for specific diagnostic codes in the Rating Schedule for ratings complete on or after October 1, 2004 through the date of extraction. Data extractions for the most prevalent diagnostic codes for each subsequent body system will occur on a monthly basis with a projected completion date of June 15, 2006.
- Additional data will be analyzed in conjunction with the body system data runs to identify possible factors that may be affecting rating variances. Variables that will be analyzed include: veteran characteristics, station characteristics, station performance, legal/representational issues, rating characteristics, and staff characteristics.

**BUDGET IMPLICATIONS:**

None.

**7. VOCATIONAL REHABILITATION: More VA and DoD Collaboration Needed to Expedite Services for Seriously-Injured Servicemembers (GAO-05-167) January 2005**

**RESPONSIBLE OFFICE: Veterans Benefits Administration**

**RECOMMENDATIONS:**

To improve VA's efforts to expedite vocational rehabilitation and employment (VR&E) services to seriously-injured servicemembers, GAO recommended that VA and the Department of Defense (DoD) collaborate to reach an agreement for VA to have access to information that both agencies agree is needed to promote servicemembers' recovery and return to work. GAO also recommended that the Secretary of Veterans Affairs direct the Under Secretary for Benefits to develop a policy and procedures for regional offices to maintain contact with seriously injured servicemembers who do not initially apply for VR&E services, in order to ensure that they have the opportunity to participate in the program when they are ready.

**ACTIONS TAKEN:**

- DoD agreed to provide VA with lists of servicemembers who enter the Physical Evaluation Board (PER) process. These servicemembers sustained an injury or developed an illness that may preclude them from continuing on active duty and could result in medical separation or retirement. These lists enable VBA to contact servicemembers to initiate benefit applications and VHA to initiate the transfer of health care services to VA Medical Centers (VAMCs) prior to discharge from the military.
- VBA is developing outreach policy for servicemembers on the PEB list. The policy will describe contact, follow-up, and tracking responsibilities for the regional offices. VHA has also drafted policy which will require VAMCs to provide outreach to each servicemember on the PEB list. The outreach information describes the VA health care benefits and encourages servicemembers to seek health care services from a local VA facility near their ultimate discharge location.
- VBA developed specific policies and procedures to address outreach and follow-up activities for injured servicemembers, including those that do not file a claim for Vocational Rehabilitation and Employment benefits during their initial contacts with VA. The guidance is contained in VBA Letter 20-05-14 and requires the regional office director to contact the servicemember when he or she arrives in the regional office's jurisdiction. Each regional office also has OEF/OIF coordinators and case managers. The coordinator ensures that the injured servicemember is personally provided with information on all VA benefits and

services. Information on the servicemember is entered into a tracking log and a diary for follow-up activity is established.

- Once a claim for compensation is received, a Veterans Service Center Case Manager is assigned to that case. That case manager again reviews all benefits and services available through VA including Vocational Rehabilitation and Employment. Compensation is awarded after the servicemember is discharged from the military. When the veteran receives his first disability compensation award, VA sends another application for Vocational Rehabilitation along with information explaining the program. The case is diared for follow-up in sixty days. If no application for Vocational Rehabilitation is received in sixty days, VR&E sends a motivation packet. If after VR&E's initial motivational contact, a veteran or serviceperson does not respond or a response of "no interest" is received, VR&E will diary for a follow-up contact within one year of the initial contact.
- If the servicemember does not apply for Vocational Rehabilitation while hospitalized awaiting discharge, declines during the initial contact by a VA case manager following discharge, and again declines to file an application after the sixty-day follow-up, VR&E will diary for a follow-up contact within one year of the initial contact.

**BUDGET IMPLICATIONS:**

None.

**8. VA HEALTH CARE: VA Should Expedite the Implementation of Recommendations Needed to Improve Post-Traumatic Stress Disorder Services (GAO-05-287) February 2005**

**RESPONSIBLE ORGANIZATION: Veterans Health Administration**

**RECOMMENDATIONS:**

To help ensure that VA has the capacity to diagnose and treat veterans returning from the Iraq and Afghanistan conflicts, as well as maintaining these services for other veterans, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to work with the special committee to expedite VA's timeframes for fully implementing the recommendations needed to improve post-traumatic stress disorder services.

**ACTIONS TAKEN:**

In fiscal year 2005, 31 new or expanded PTSD programs were funded which includes eight new Post-Traumatic Stress Disorder Clinical Teams (PCTs), two new Day Hospitals, three new women's programs and two new Military Sexual Trauma programs. Forty-four Returning Veterans Outreach, Education and Care programs have been funded specifically at locations with high number of veterans returning from the Iraq and Afghanistan conflicts. VHA also recently established four polytrauma units to care for the severely physically injured; these include a mental health component with full-time mental health staff who are expected to be sensitive to issues of PTSD in this very vulnerable population. Vet Centers have hired and trained a cadre of 50 new outreach workers from among the ranks of recently separated Global War on Terrorism (GWOT) veterans at targeted Vet Centers and are currently engaged in hiring an additional 50 GWOT veteran outreach workers, with financial support from the Office of Mental Health Services. The GWOT counselors provide services to returning veterans and also can help the veterans and their families with readjustment issues. A full report on their efforts has been submitted by RCS.

These programs have been added to VA's existing system which already offered an extensive infrastructure consisting of 144 specialized treatment programs, 105 outpatient PTSD clinical teams, and 207 Readjustment Counseling Centers. Further, the VISN 6 Mental Illness Research, Education, and Clinical Center (MIRECC), one of the two most recently funded MIRECCs, will have a primary focus on post-deployment mental health issues.

In fiscal year 2006, additional monies have been allocated to further enhance core PTSD specialized programs as well as programs specifically focused on combat veterans who are currently returning from Iraq and Afghanistan. Plans are underway to fund



additional programs, with funding expected to be distributed in early January 2006. This should include several programs for veterans with both PTSD and substance use disorders. In addition, innovative use of telemental health in CBOCs and other rural support PTSD programs will be funded. Also, as noted above, an additional 50 GWOT veteran outreach workers will be hired in FY06.

VHA developed a reminder for our clinicians that pops up on the computer screen when the chart is opened, alerting them to screen these veterans for possible PTSD, depression, and substance abuse.

A VA/DoD Mental Health Work Group has recently been established and held its first conference call on December 12, 2005. Its charge from Drs. Perlin and Winkenwerder includes: collecting and analyzing information about mental health related initiatives of the various VA and DoD committees and/or organizations to ensure continuous coordination of ideas, initiatives, and actions between the two Departments; making recommendations concerning appropriate actions and responses to identified needs; assessing gaps in services and needs for programmatic enhancements in clinical, educational and research activities related to deployment mental health; promoting mental health concepts and issues into the larger deployment health care delivery activities of DoD and VA; and addressing barriers to inter-departmental collaboration and identifying opportunities for improving collaboration.

VHA also has worked to increase knowledge and clinical skills in its providers for working with returning veterans. One specific resource for this is the Iraq War Clinician Guide. This handbook was created by the VA National Center for PTSD (NCPTSD) and was revised with DoD participation based on their actual casualty care experiences. The guide is available on the NCPTSD website. Information on its availability has been widely promulgated to mental health service providers. It includes comprehensive, current state-of-the-art, evidence-based information on:

- Assessment and treatment of PTSD and other war-related mental health disorders and adjustment problems
- Issues concerning how “new veterans” differ from existing VA patients from previous conflicts
- Traumatic grief as an issue for Iraqi veterans and suggestions for providing support

VHA has collaborated with DoD on other satellite and web-based training materials designed to assist clinicians caring for veterans of the Afghanistan and Iraq wars. One example was the Treating War Wounded satellite broadcast in 2004 and later made into a web-based Veterans Health Initiative version. In August 2005, VA and DoD colleagues broadcast a satellite entitled, “Health Promotion and Reintegration After Injury During Deployment” that focused on the mental health issues of

veterans with multiple wounds including Traumatic Brain Injury. This is being revised and expanded into a web-based format for FY 2006.

**BUDGET IMPLICATIONS:**

New PTSD and Returning Veterans Outreach, Education and Care programs are being funded for a total of \$9,953,186 and \$6,869,689, respectively, in fiscal year 2006. These monies were made available from within a recurring \$100 million allocation from the Under Secretary of Health to reduce gaps in mental health services. The Under Secretary has provided additional new monies for mental health in fiscal year 2006 that support expansion and enhancement of PTSD and returning veterans outreach, education and care programs even further.



## **9. PAPERWORK REDUCTION ACT: New Approach May Be Needed to Reduce Government Burden on Public (GAO-05-424) May 2005**

**RESPONSIBLE ORGANIZATION:** Office of Information and Technology

### **RECOMMENDATIONS:**

GAO recommended that the Secretaries of Housing and Urban Development, Labor, the Treasury, and Veterans Affairs as well as the Commissioner of the Internal Revenue Service direct the responsible Chief Information Officers (CIO) to:

- strengthen agency support for CIO certifications, including with regard to the necessity of collection, burden reduction efforts, and plans for the use of information collected;
- consult with potential respondents beyond the publication of *Federal Register* notices;
- remove all forms from agency Web sites that have not been approved by OMB until such approval is obtained;
- add required information to all forms on Web sites that we identified as lacking this information;
- improve oversight by periodically reviewing the Web sites of agencies and their agents to ensure that all forms are approved and contain information required by the Paperwork Reduction Act.

### **ACTIONS TAKEN:**

VA has obtained additional resources to help review and analyze the Department's business line information collection requests. VA continues in its efforts to reduce the burden placed on the public by combining and discontinuing collections that are no longer necessary. However, we must allow for new or unforeseen burden hour increases due to research activities initiated at VA medical facilities and/or legislation that may impact VA's burden hours. VA consults with OMB and submits the required paperwork outlining its plans for the use of information collected.

The Department provides consultation to the public through publication of Federal Register notices. VA agrees that consultation in the form of additional focus groups should be established and is awaiting OMB to conduct a Federal-wide assessment on how focus group are to be used.

Forms reported in GAO's study that lacked the Paperwork Reduction Act (PRA) requirements or were not approved by OMB were removed from VA's website and updated to reflect the PRA requirements. VA continues to conduct internal reviews of its forms of collecting information to ensure that they comply with the PRA requirements.

### **BUDGET IMPLICATIONS:**

None.

**10. MILITARY AND VETERANS' BENEFITS: Enhanced Services Could Improve Transition Assistance for Reserves and National Guard (GAO05-544) May 2005**

**RESPONSIBLE OFFICE: Veterans Benefits Administration**

**RECOMMENDATIONS:**

To ensure that members of the Reserve and National Guard have the opportunity to benefit from transition assistance, GAO recommended that DoD, in conjunction with the Department of Labor and VA, determine what demobilizing Reserve and National Guard members need to make a smooth transition and explore the logistical options for providing that assistance, such as opportunities for employment workshops before or after their demobilization and providing timely information about the need to apply for certain benefits while still on active duty. To develop more accurate program statistics, GAO also recommended that VA keep track of servicemembers who attend Disabled Transition Assistance Program (DTAP) briefings to ensure that adequate follow-up is possible with this population which may be in particular need of these services.

**ACTIONS TAKEN:**

- VBA provides information on all VA benefits, including education and medical benefits, during VBA's National Guard and Reserve briefings and Transition Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP) sessions for Reserve and National Guard members. VBA emphasizes that there are time limits for applying for these benefits. Information on the two-year medical care provision for combat-theater veterans is also included.
- The respective Reserve components are responsible for informing National Guard/Reserve members when they become eligible for the Montgomery GI Bill-Selected Reserve Program (title 10, U. S. Code, Chapter 1606). National Guard/Reserve leadership determines eligibility based on DoD regulations. Once a National Guard/Reserve member becomes eligible and applies for benefits, VBA mails a pamphlet to him or her each year that contains current information on VA benefits. The law clearly states that DoD must inform reservists when they become eligible for the new Reserve Educational Assistance Program (title 10, U. S. Code, Chapter 1607). VBA is developing a Chapter 1607 brochure for returning National Guard/Reserve members that DoD will send to reservists as they are determined eligible for the Chapter 1607 benefit. VBA will also make this pamphlet available to returning National Guard/Reserve members during TAP and DTAP briefings.

- On November 21, 2005, VBA implemented an intranet-based reporting system for all military briefings conducted beginning October 1, 2005. Data is input after each briefing to track DTAP attendees and develop statistics concerning participation.
- VBA continues to work with DoD to coordinate VA briefings for National Guard and Reserve members who are being demobilized. Points of contact are being established at national and local levels to ensure National Guard and Reserve personnel are aware of VA benefits and services. On May 18, 2005, VA and the Adjutant General of the National Guard Bureau signed a Memorandum of Agreement under which VA will be provided with timely and appropriate data regarding where and when demobilizing National Guard units will return.
- In addition to the steps that VBA is taking to improve the TAP program, Veterans Health Administration's Office of Public Health and Environmental Hazards assisted in developing a brochure that provides a summary of benefits for National Guard and Reserve personnel. Over one million copies of this brochure have been distributed to military personnel.
- Beginning in August 2005, VA staff participate in meetings of the Interagency Demobilization Working Group. The group is charged with developing recommendations to respond to the GAO report, as well as follow-on actions from the House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity June 29, 2005 oversight hearing on the TAP & DTAP programs. The group is in the process of developing recommendations to present to senior leadership of the involved agencies.

#### **BUDGET IMPLICATIONS:**

The budgetary impact will be developed based on the recommendations from the Interagency Demobilization Working Group.

**11. ENERGY SAVINGS: Performance Contracts Offer Benefits, but Vigilance Is Needed to Protect Government Interests (GAO-05-340) June 2005**

**RESPONSIBLE ORGANIZATION:** Office of Management  
Office of Asset Enterprise Management

**RECOMMENDATIONS:**

To better ensure that federal agencies undertake only those energy savings performance contracts (ESPC) having the greatest likelihood that savings will cover costs and that the agencies negotiate the best possible contract terms and monitor the contracts properly, GAO recommended that the Secretaries of Defense, Energy, Justice, and Veterans Affairs, as well as the Administrator of the General Services Administration:

- collect and use ESPC-related data more effectively by: (1) compiling information on key contract terms – such as interest rates and mark-ups for energy-efficiency equipment – for each ESPC, and as a key part of best practices, make information accessible to agency officials in negotiating subsequent ESPCs; and (2) tracking actual costs, verified savings, and any changes to ESPC projects that may affect these costs and savings;
- ensure that the agency officials responsible for ESPC decision-making use appropriate expertise when they undertake an ESPC; if the officials do not have sufficient expertise themselves, they should obtain it from independent sources such as a centralized pool within the agency; the contracting centers of Air Force, Army Corps of Engineers, Energy, and Navy; or from private parties; the costs of acquiring this expertise should be considered in deciding whether to use an ESPC;
- as appropriate and in line with available resources, require that Inspector Generals or other audit offices conduct audits of ESPC projects to ensure the projects are achieving their expected results.

**ACTIONS TAKEN:**

- 1) VA has designed and is currently programming fields for ESPC-related data reporting into its Capital Asset Management System (CAMS). Data on projects already implemented is being imported from other sources and stored in CAMS. Energy managers in the field, with central office oversight, will input data on projects and be able to access reports on all VA ESPC project data. Data fields include details on individual energy conservation measures as well as key contract terms; projected costs and savings; guaranteed savings; revised costs and savings; actual costs and verified savings; and changes to projects and baseline conditions.

- 2) Under VA's existing Energy Conservation Program, all energy improvement initiatives must follow a defined process, which includes coordination and approval through VA's Office of Management. Regional capital asset managers are currently responsible for energy management activities in facilities in their region. These managers coordinate the region's needs with the ESPC and other energy expertise in the Office of Management. Outside expertise is tapped as needed by the Office of Management.

VA's new Energy Action Plan calls for VA to set up an energy contracting center to serve all of VA at the Cleveland VA business office. This office will initially handle energy assessment contracting and is expected to expand to cover ESPCs and other types of energy-related contracting, in partnership with Office of Management, other central offices, and regional capital asset managers. In addition, the plan calls for placement of significant new energy management expertise in the field through a combination of permanent staffing and contracted resources.

- 3) It should be noted that the June 2002 moratorium that VA placed on new ESPC activity resulted from a study of VA's ESPC projects by a contractor retained by VA. In its response to this report, VA concurred with this recommendation, saying "VA's Office of Inspector General should audit VA's energy savings performance initiatives and contracts within its routine audit process."

#### **BUDGET IMPLICATIONS:**

- 1) No new budget implications.
- 2) Resources needed to run an energy contracting center within the Cleveland VA medical center business office are estimated at three FTEs and a total of \$830,000 for the initial three years of energy contracting support. Resources associated with placement of new energy management expertise in the field range as high as \$35 million over the first three years.
- 3) The budget implication of conducting an anticipated five audits annually of ESPC projects is a budget increase of \$250,000 per year.

**12. HUMAN CAPITAL: Selected Agencies Have Opportunities to Enhance Existing Succession Planning and Management Efforts (GAO-05-585) June 2005**

**RESPONSIBLE ORGANIZATION: Veterans Health Administration**

**RECOMMENDATIONS:**

To help agencies reinforce their succession planning and management efforts and make well-informed planning decisions, GAO recommended a number of actions. Specifically, the Secretary of Veterans Affairs should take the following actions:

- Seek appropriate opportunities to coordinate and share core succession training and development programs with other outside agencies to achieve economies of scale, limit duplication of efforts, benchmark with high performing agencies, keep abreast of current practices, enhance efficiency, and increase the effectiveness of its programs;
- Evaluate core succession training and development programs to assess the extent to which programs contribute to enhancing organizational capacity. When deciding the appropriate analytical approach and level of evaluation, VHA should consider factors such as estimated costs of training efforts, size of training audience, and program visibility.

**ACTIONS TAKEN:**

VHA concurred with both recommendations. VHA has conducted briefings with staff from the Indian Health Service and the National Institutes of Health on our workforce development and succession planning programs as part of our efforts to initiate a dialogue with other government agencies. In addition, VHA will initiate a VA proposal to the Office of Personnel Management (OPM) to request that they sponsor a conference among various government agencies to: 1) share succession planning and workforce development information; 2) showcase best practices; and 3) share resources.

VHA began work on a formal evaluation process for VHA's succession and workforce/leadership development programs. A workgroup has been established under the oversight of the VHA Succession and Workforce Development Management Subcommittee, a standing subcommittee of the National Leadership Board Human Resources Committee, to develop a framework and criteria to evaluate our programs in a thorough and consistent fashion. The workgroup established a general evaluation framework and is now proceeding to identify both short-term and long-term program measures for each major succession and workforce development program. These evaluation measures will be reported on a regular recurring basis to the appropriate oversight bodies within VHA.

**BUDGET IMPLICATIONS:**

None.



**13. MANAGERIAL COST ACCOUNTING PRACTICES: Leadership and Internal Controls Are Key to Successful Implementation (GAO-05-1013R) September 2005**

**RESPONSIBLE ORGANIZATION: Office of Management  
Office of Finance**

**RECOMMENDATIONS:**

To help ensure that VA components implement and use reliable managerial cost accounting (MCA) methodologies, GAO recommended that the Secretary of Veterans Affairs direct the appropriate department-level officials to exercise more effective leadership and oversight in order to:

- 1) periodically validate the nonfinancial data used by the Veterans Health Administration's (VHA) decision support system (DSS) team for MCA and assess related internal controls;
- 2) document the DSS processes and controls for assigning indirect costs to cost objects to help ensure that costs are properly assigned;
- 3) provide adequate numbers of properly trained staff at field locations to administer DSS to maximize system availability and use.

In an effort to reduce the risks of errors and delays inherent with manual processes, GAO also recommended that the Secretary of Veterans Affairs direct appropriate VA officials to:

- 4) further automate the statement of net cost preparation process;
- 5) update statement of net cost compilation procedure documentation.

**ACTIONS TAKEN:**

1. The VHA Decision Support Office (DSO) is providing to all Veterans Affairs Medical Centers (VAMC) and Networks, a standardized and comprehensive audit guide (with worksheets). This document identifies the audits to be conducted with a goal of ensuring that the non-financial data is complete and accurate in terms of the quantity of clinical products (workload) recorded in DSS. Included in the processes described are monthly audits of DSS extracts that reconcile to Veterans Health Information System and Technology Architecture (VISTA) feeder systems. The DSO has two FTEE who are exclusively dedicated to assisting the DSS site teams in the proper conduct of the mandatory audit process.

2. The VHA is providing a document which details the process and controls for assigning indirect costs to cost objects. The DSO issues an Annual Fiscal Year Conversion document (a detailed set of processes for assigning direct and indirect costs) to the DSS site teams at every VAMC. Refresher training is provided, telephonically, through a series of bi-weekly Teaching Calls that the DSO provides to those same site teams. DSS provides an automated standard step-down process that is applied uniformly each month for all indirect costs.
3. Because their primary function is the capture and reporting of MCA data, DSS Site Teams are composed of professionals with financial and clinical backgrounds. Once assigned, these personnel complete written and on-the-job training on the technical portion of the DSS. Currently, DSO is sponsoring a workgroup that will provide staffing criteria to include recommended professional background, training and required staffing level for all VAMCs.
4. The Department will implement in FY 2006 an integrated financial reporting system that will enhance the integrity and efficiency of financial statement preparation including the Statement of Net Cost.
5. The documentation on the preparation of the Statement of Net Cost has been updated.

**BUDGET IMPLICATIONS:**

None.



**14. VETERANS' DISABILITY BENEFITS: VA Could Enhance Its Progress in Complying with Court Decision on Disability Criteria (GAO-06-46) October 2005**

**RESPONSIBLE OFFICE:** Veterans Benefits Administration

**RECOMMENDATIONS:**

To help ensure continued progress in satisfying the DeLuca criteria, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to develop a strategy for improving consistency among the Veterans Integrated Service Networks (VISN) in meeting the DeLuca criteria. For example, if performance in satisfying the DeLuca criteria continues to vary widely among the VISNs during fiscal 2006, the Veterans Health Administration (VHA) may want to consider establishing a new performance measure specifically for joint and spine exams. Also, if the compensation and pension examination program (CPEP) office's study of the costs and benefits of the automated examination templates supports their use, VHA could require that its medical centers use the automated templates for joint and spine examinations. GAO also recommended that the Secretary direct the Under Secretary for Benefits to develop a performance measure for the quality of examination requests that regional offices send to medical centers. This measure could be implemented as soon as the CPEP office is able to provide regional offices with case-specific examination requests deficiency data via VA's intranet.

**ACTIONS TAKEN:**

- The CPEP office continues to track and report VISN performance monthly. Performance scores on examination quality indicators that involve the DeLuca criteria on joints and spine examinations are provided to the VISNs monthly via a "scorecard." The VHA Performance Measures Workgroup raised the performance thresholds for "fully successful" and "exceptional" for FY 2006 to 83% and 86%, respectively. The workgroup also expanded the performance evaluation period from the original three month period (June through August) to ten months (October through August) beginning in FY 2006. There is no DeLuca-specific performance measure and no current plan to create such a measure. Proposed CPEP quality improvement efforts for FY 2006 include a VHA/VBA two-part collaborative breakthrough training series targeting improved quality of joint and spine examinations.
- Under the guidance of the C&P Service, the CPEP examination templates are being revised to ensure consistency with the AMIE worksheets. Upon completion of the revisions and C&P approval, VBA will work with VHA to determine whether the templates are appropriate for mandatory use by VHA examiners.

**BUDGET IMPLICATIONS:**

None.

